

1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION
3
4 IN THE MATTER OF:)
5)
6 ECONODIAL, LLC)
7) 03-0685
8 Application for a certificate of local
9 authority to operate as a reseller and
10 facilities-based carrier of)
11 telecommunications services throughout)
12 the State of Illinois)
13
14 Chicago, Illinois
15 December 16, 2003
16
17 Met, pursuant to notice.
18
19 BEFORE:
20
21 Mr. John Riley, Administrative Law Judge.
22
23 APPEARANCES:
24
25 MR. DAVID BINIACHVILI (telephonically)
26 361114th Avenue, fifth floor
27 Brooklyn, NY, 11218
28 pro se;
29
30 MR. ROBERT KOCH (telephonically)
31 527 East Capitol Avenue
32 Springfield, IL 62704
33 for the staff;
34
35 SULLIVAN REPORTING COMPANY, by
36 MICHAEL R. URBANSKI, C.S.R.,
37 License No. 084-003270
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I N D E X

			Re-	Re-	By
<u>Witnesses:</u>	<u>Direct</u>	<u>Cross</u>	<u>direct</u>	<u>cross</u>	<u>Examiner</u>
		7			5, 9

	<u>E</u> <u>X</u> <u>H</u> <u>I</u> <u>B</u> <u>I</u> <u>T</u> <u>S</u>	
<u>APPLICANT'S</u>	<u>For Identification</u>	<u>In</u>
<u>Evidence</u>		

Exhibit No. 1 was admitted.....
13
Exhibit No. 2 was admitted.....
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1 JUDGE RILEY: Pursuant to the direction of the
2 Illinois Commerce Commission, I now call Docket
3 03-0685.

4 This is an application by Econodial,
5 LLC, for a certificate of local authority to
6 operate as a reseller and facilities-based
7 carrier of telecommunications services throughout
8 the State of Illinois.

9 Mr. Biniachvili, would you state your
10 name and address for the record, please.

11 MR. DAVID BINIACHVILI: David Biniachvili, CEO
12 Econodial, LLC. Business address is 3611114th
13 Avenue, Fifth Floor, Brooklyn, New York, 11218.

14 JUDGE RILEY: Let me swear you in.

15 (Witness sworn.)

16 JUDGE RILEY: All right, Mr. Koch, did you
17 want to go first in this matter?

18 MR. KOCH: It doesn't matter to me.

19 Do I need to enter an appearance, your
20 Honor?

21 JUDGE RILEY: I'm sorry, yes, go ahead.

22 MR. KOCH: Appearing on behalf of the staff of

1 the Illinois Commerce Commission, Robert Koch,
2 K-o-c-h, 527 East Capitol, Springfield, Illinois,
3 62704.

4 JUDGE RILEY: Thank you. Let me make sure I'm
5 not -- Mr. Biniachvili, did you file -- you did
6 not file prefiled testimony in this matter, did
7 you?

8 MR. DAVID BINIACHVILI: I don't think so.

9 JUDGE RILEY: All right.

10 MR. DAVID BINIACHVILI: Hold on. I'll double
11 check that in a second but I really don't -- hold
12 on. We filed a general application and I don't
13 think there was a prefiled --

14 JUDGE RILEY: I don't think there was either.

15 MR. DAVID BINIACHVILI: I don't think so.

16 JUDGE RILEY: All right. Why don't we do this
17 then, why don't I lead off with the direct
18 examination.

19 And is that all right with you, Mr.
20 Koch?

21 MR. KOCH: Yes.

22 JUDGE RILEY: All right.

1 DAVID BINIACHVILI,
2 having been called as a witness herein, after
3 having been first duly sworn, was examined and
4 testified as follows:

5 EXAMINATION

6 BY

7 JUDGE RILEY:

8 Q. Mr. Biniachvili, let me confirm from the
9 application the certificates for which the
10 applicant is applying?

11 A. Okay.

12 Q. It's my understanding that the applicant
13 wants to provide resold local and
14 facilities-based local services in Illinois; is
15 that correct?

16 A. Yes, resale and UNE-P, correct.

17 Q. And does the company under Section 13-404
18 want to sell -- want to resell interexchange
19 services that would be long distance?

20 A. Yes.

21 Q. Okay. So it's resold local and long
22 distance and facilities-based local services that

1 will be offered; is that correct?

2 A. Correct.

3 Q. All right. And is the name that is to
4 appear on the certificate the same name that
5 appears on the application itself which is
6 Econodial, LLC?

7 A. Yes, it is correct.

8 Q. Will there be any doing business as or
9 assumed names?

10 A. No.

11 Q. Let me confirm this information.
12 This is a -- the applicant is a limited
13 liability company organized in New York; is that
14 correct?

15 A. Correct.

16 Q. Who will do the technical support for the
17 applicant?

18 Will it be applicant itself or will it
19 be contracting out with an underlying carrier?

20 A. It will be contracting probably with local
21 carrier of the area. In Chicago it most likely
22 would be Ameritech, I guess.

1 Q. All right. Will the company be offering
2 operator-assisted services or will that be left
3 to the underlying carrier?

4 A. It will be left to underlying carrier.

5 JUDGE RILEY: All right. Mr. Koch, that's all
6 I have for now.

7 Did you want to pursue your line of
8 questioning?

9 MR. KOCH: Yes, I just have a couple quick
10 questions.

11 CROSS-EXAMINATION

12 BY

13 MR. KOCH:

14 Q. On Question 9 of the application which
15 would be Page 2 --

16 A. Uh-huh.

17 Q. -- there's a listing of several
18 jurisdictions in which Econodial is currently
19 offering service, and I would like to know, are
20 these jurisdictions for interexchange service
21 only?

22 A. Yes.

1 Q. Do you have a local exchange certificate
2 in any jurisdictions currently?

3 A. Well, we are pending for New York and New
4 Jersey and Pennsylvania for local services.

5 Q. And so you -- is it correct that you
6 currently are not offering local service in any
7 territories?

8 A. We are not offering yet any local service
9 in any territory, correct.

10 Q. Okay. Thank you. And turning to your
11 financial statements that were provided as
12 Attachment E.

13 A. Uh-huh.

14 Q. We have a balance sheet as of
15 December 31st, 2002, and then we also have -- I
16 would call it a -- it's indicated without title
17 yet, it has a net profit or loss.

18 A. Correct.

19 Q. And I would assume that's an income
20 statement, correct?

21 A. Yes.

22 Q. For both years 2001 and 2002?

1 A. Correct.

2 Q. Those would be calendar years 2001, 2002,
3 correct?

4 A. That's correct.

5 Q. Okay. And those are the only questions I
6 have of the application.

7 I did want to make a comment or perhaps
8 it is a question.

9 Currently, you do have a resell --
10 13-404 certificate with Illinois Commerce
11 Commission for the resale of interexchange
12 service, correct?

13 A. Right.

14 Q. And so at this time you're seeking a
15 13-404 certificate only for the resale of local
16 service, correct?

17 A. Correct.

18 MR. KOCH: Okay. Those are the only questions
19 I have, your Honor.

20 JUDGE RILEY: All right. Thank you.

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1 FURTHER EXAMINATION

2 BY

3 JUDGE RILEY:

4 Q. Mr. Biniachvili, with regard to the

5 financial information that was submitted --

6 A. Yes.

7 Q. -- the profit and loss statement for 2002

8 shows a whopping loss?

9 A. Correct.

10 Q. And --

11 A. That was our first real full year that we

12 operated so you understand then and that loss was

13 offsetted by an investment, so. . .

14 Q. When you say it was --

15 A. Did a lot better than last year.

16 Q. When you say it was offset by investments,

17 do you have any figures?

18 A. We had a cash infusion in 2001 that we

19 rode on 2002. You understand when you start a

20 business, which we started in 2001, the beginning

21 is always hard.

22 Q. Right. I understand that.

1 A. And so we had a million dollar investment
2 plus into the business and that's how we were
3 able to maintain the growth with that money and
4 were able to also take care of the losses we had.

5 Q. All right. What is the financial status
6 of the company now?

7 Is that net profit or net profit and
8 loss?

9 A. We are at the edge of breaking even. We
10 are very, very close -- end of 2003 which is, I
11 guess, in two weeks, we are either cash flow
12 positive or on the verge of breaking even. So
13 thank God was a very good year.

14 Q. Was that just due to revenues and sales?

15 A. That's correct.

16 Q. So you didn't get any more cash infusions
17 or anything like that; is that correct?

18 A. No. If I need another cash infusion, I'll
19 be in trouble.

20 Q. Okay.

21 A. We don't have a bottomless bag of money
22 here. We got to grow.

1 Q. I understand.

2 A. And we did.

3 JUDGE RILEY: That is all the questions that I
4 have.

5 Mr. Koch, did you have anything that you
6 wanted to follow up?

7 MR. KOCH: No, I don't, your Honor.

8 JUDGE RILEY: Then let's take care of the
9 exhibits.

10 BY JUDGE RILEY:

11 Q. Let me confirm one other thing.

12 Mr. Biniachvili, you are the president
13 and CEO of the applicant; is that correct?

14 A. Yes, sir.

15 Q. All right. Then what I want to do is mark
16 for identification the management and technical
17 information which was listed as Attachment C on
18 our e-docket system?

19 A. Right.

20 Q. As you review that information today,
21 Mr. Biniachvili, are there any changes that you
22 would make to that information?

1 A. No.

2 JUDGE RILEY: All right then. Marking this as

3 Applicant's Exhibit 1 which is the management and

4 technical information. I trust that you are

5 moving for its admission into evidence; is that

6 correct?

7 THE WITNESS: Yes.

8 JUDGE RILEY: Any objection, Mr. Koch?

9 MR. KOCH: No, your Honor.

10 JUDGE RILEY: Then Applicant's Exhibit 1 is

11 admitted into evidence.

12 (Whereupon, Applicant's

13 Exhibit No. 1 was admitted

14 into evidence.)

15 JUDGE RILEY: And marking as Applicant's

16 Exhibit 2 Attachment E, the financial information

17 that was submitted to our e-docket system,

18 Mr. Biniachvili, is there -- are there any

19 changes to that information that you would make

20 today as you review it?

21 THE WITNESS: Not as of 2000. As of 2003 I

22 already mentioned.

1 JUDGE RILEY: I understand that. We have your
2 testimony with regard to 2003.

3 THE WITNESS: No. No changes.

4 JUDGE RILEY: I'll mark that as Applicant's
5 Exhibit 2, and I will take your motion to admit
6 that information into evidence. Mr. Koch, any
7 objection?

8 MR. KOCH: No, your Honor.

9 JUDGE RILEY: Then Applicant's Exhibit 2 is
10 admitted into evidence.

11 (Whereupon, Applicant's
12 Exhibit No. 2 was admitted
13 into evidence.)

14 JUDGE RILEY: Mr. Koch, did you have a
15 recommendation with regard to this application?

16 MR. KOCH: Yes. I see no reason why this
17 application could not be granted.

18 JUDGE RILEY: All right. I have no further
19 questions. Mr. Binianchvili, did you have
20 anything that you would like to say in
21 furtherance of the application?

22 THE WITNESS: Wish you happy holiday season.

1 JUDGE RILEY: Thank you very much. We
2 appreciate that. And the same to you. Then I
3 will direct the court reporter to mark this
4 matter heard and taken and I will have an order
5 prepared for the Commission at the earliest
6 possible time.

7 THE WITNESS: Thank you, Judge.

8 HEARD AND TAKEN

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